

threshold, China had acquired between 400 and 600 high performance computers, all from the United States of America.

When those in this Chamber rail against spending more money on defense, I ask them to join with me, because if China had not acquired those high performance computers, they would not be where they are in developing their nuclear technology, in miniaturizing their nuclear capabilities, in designing new weapon systems.

Mr. Speaker, my fear is that the bulk, if not all, of those high performance computers are not at Chinese universities doing academic research; they are not affiliated with technical institutions studying the weather of China; but, in fact, those American-sold high-performance computers are being used to design the next generation of weapons that we are now going to have to defend against.

To me, Mr. Speaker, the American people deserve some answers. And so all of us in this Chamber, I would hope, would join together in demanding that this administration give us access to answer the questions that I have posed relative to the transfer of high-performance computers to China, the applications for those transfers, the agencies' recommendations, and the number of those computers in place today and who controls them.

Mr. Speaker, the letter I referred to follows:

To: The Departments of Defense, Energy and Commerce, and to the CIA

Please provide, for the period from January 1, 1994 to the January 1, 1999, the following information:

Records of all license applications for computers that the U.S. Department of Commerce approved, suspended, denied or returned without action for export to China, including Hong Kong;

Information for each application showing the applicant, the case number, the date received, the final date, the consignee or end user, the ECCN number, the value, and the statement of end use;

Information showing the federal agencies to which each license application was referred for review, and each agency's recommendation on the application referred.

In addition, please provide all information that you possess on the acquisition by China, including Hong Kong, of any computer operating at more than 500 MTOPS during the above period, whether such acquisition was made pursuant to an export license or not, and whether from the United States or some other country.

Please submit this information in both electronic and hard-copy form no later than.

Sincerely yours,

PRESIDENT BUSH'S ENERGY PLAN

The SPEAKER pro tempore (Mr. GRUCCI). Under the Speaker's announced policy of January 3, 2001, the gentleman from New Jersey (Mr. PALLONE) is recognized for 60 minutes as the designee of the minority leader.

Mr. PALLONE. Mr. Speaker, last week President Bush announced his energy plan in front of a backdrop on

which was printed the word "conservation," and I strongly suggest that my colleagues not be misled by this subliminal approach. I have always said that actions speak louder than words, and President Bush's actions during his first 100 days clearly illustrate that he will undermine any environmental regulation that prevents implementation of the administration's energy plan. So, please, I caution my colleagues, do not be confused by the fact that he has the word "conservation" printed prominently behind him in a backdrop. There is nothing conservation-oriented about President Bush's energy policy.

Clearly, neither President Bush nor Vice President Cheney nor the National Energy Policy Development Group believes that conservation should be the foundation of sound comprehensive energy policy. In fact, the Vice President recently stressed that the Bush administration views conservation as a sign of personal virtue but not a sufficient basis for a sound comprehensive energy policy.

And when we talk about conservation, conservation is the planned management of a natural resource to prevent exploitation, destruction or neglect. It is the only basis on which to build a comprehensive energy policy that provides for the responsible long-term use and development of our Nation's energy resources. And by missing this simple principle, President Bush's energy plan is immediately flawed.

Mr. Speaker, I would like to examine some parts of the Bush plan beyond its fundamental flaw, because I think many Americans do not understand the direct impact it will have on them. First, the administration's plan will do nothing to lower the prices that Americans are paying for energy today and will do little to mitigate price fluctuations in the future.

When I talk to my constituents, they are concerned about the high cost of gasoline and the fact that gas prices keep going up. When I talk to my colleagues from California who are facing blackouts on a somewhat regular basis and more potential for blackouts as the summer progresses, they are concerned about the fact that they cannot get electricity. But if we look at the Bush policy, it will not lower gasoline prices, and it does nothing to prevent the rolling blackouts in California or prevent price gouging by the industry. It will not significantly affect America's dependence on foreign energy sources.

On the other hand, what it does do, the President's energy plan does impact the quality of life for every American. The President's plan will damage public health through increased pollution of the air and water, it will speed up the impact of global warming and industrialize our Nation's pristine wilderness and open spaces.

In my home State of New Jersey, we are already facing relatively dirty air and major problems that we have had with polluted water. And, frankly, I

just do not see how we could possibly face a situation where the impact of the energy policy is to actually increase air pollution or increase water pollution, nor in New Jersey are people willing to tolerate the risk of contamination of our coastal environment by drilling off the coast.

Now, I know that the President has not specifically mentioned drilling off the coast of New Jersey, but the Minerals Management Service within the Department of the Interior has a plan to drill off New Jersey, as it does for most of the coast. And the logical extension to President Bush's policy would be to seek out offshore oil essentially in every State.

The reason that I believe that the President is moving in the direction he is, which basically is to drill more, try to increase production without addressing conservation, is primarily because of his alignment and his historic involvement with the oil industry. If we look at his references, they are all oil. And when we talk about the environment, conservation, and efficiency, I think we just see him giving more and more lip service.

The National Energy Policy Development Group, which put together the President's plan, did not once have a substantive meeting with environmental - or conservation - minded organizations, so there really was no input from conservationists or environmentalists. The input was all from the oil industry.

Let me talk a little about some of the problems I foresee with the President's new energy policy. First, I think it is going to accelerate the problem that we have with global warming. He calls for increasing coal and oil production. Specifically, the President requests a 10-year, \$2 billion subsidy for clean coal to make coal plants less polluting. However, in the energy budget, the administration did not specifically earmark funding for less polluting technologies, and instead, the budget requested this funding only to expand the use of coal in the United States.

So the problem is that what we are going to see is essentially more coal-fired plants, and the emissions that come from those will only aggravate the situation that we already face with some of the air emissions that are coming from those plants right now. The largest contributors of greenhouse gases are coal-fired power plants and gasoline-powered automobiles.

Power plants in the United States emit almost 2 billion tons of carbon dioxide pollution each year, and this is equivalent to the carbon dioxide emissions of the entire European Union and Russia combined. But as we know, or we learned a couple months ago, the President completely ignores this fact and he does not recommend any solution to reduce carbon dioxide emissions, even though he talked about that during the campaign. The President's plan regulates only three pollutants, and so carbon dioxide is completely left out.

I have to point out that even in my home State there are utilities and utility executives who come to me and say that they are more than willing to regulate carbon dioxide. Around the time of Earth Day, the end of April, we actually did a bus trip where some of the Members of Congress joined me and we went around the State. One of the stops that we made was in Linden, New Jersey, where Public Service Electric & Gas, which is one of the two largest utilities in New Jersey, was about to construct a new generating plant which would cut back on the carbon dioxide that was generated by the old plant by about a third. So the reality is that many companies, not only in New Jersey, but around the country, are taking actions to reduce the carbon dioxide output from their plants and there is a significant segment of the power industry that supports the regulation of carbon dioxide emissions.

Now, why are we not dealing with it? Why does the President not want to deal with it? I do not know, other than I think he is the captive of the special interests and the oil interests and those who do not want to see this kind of regulation.

Utility executives who support reducing carbon dioxide emissions take the science of global warming seriously and they understand that carbon dioxide emission regulations are likely to develop within the life expectancy of coal-fired plants built today. One of the biggest problems that I see with the President's energy policy is that he is advocating taking these old coal-fired plants that are grandfathered, and most of them are in the Midwest, that are allowed to generate emissions that do not meet the air quality standards that we have adopted in the last, say, 10 or 15 years, and which continue to spew forth the air pollution that the newer plants that were built more recently are not allowed or not built to do, and in his energy policy, the President is saying he would allow those older coal-fired plants to expand their operation and basically generate more capacity and still be grandfathered for that additional capacity power that they generate.

What we are saying, and those who would be concerned about conservation and the environment would say, is rather than allowing these older plants to expand, they should be retrofitted to reduce carbon dioxide. In the long run, it probably saves money. And there are industry executives now that are willing to do that, but they are not going to do it unless they are told by the Federal Government they have to. And so essentially what President Bush's plan does is ignore them and says, okay, let us expand, let us continue to pollute, that is okay.

The administration's plan also calls for the creation of 1,300 to 1,900 more power plants in the United States over the next 20 years. Now, 1,300 power plants equates to an additional 26 power plants per State, in every State,

and that equals five new power plants on line every month for the next 20 years. The question is where are we going to place these plants; and is that really doable? I do not think it is. But the major problem with that, of course, is that if we somehow managed to do that, we would increase air emissions and air pollution tremendously, particularly if we did not require them to meet the existing strict standards.

□ 1945

Mr. Speaker, I can give an example in my State. In New Jersey, we had a government analysis of our air quality this year reported that every county in New Jersey has poor air quality. So one can understand why I would not want to see any backsliding on the issue of air emissions from power plants because if we are already in a bad situation, what the President proposes would only make it worse.

Finally, on this point I wanted to mention if one looks at the President's plan, he claims the goal of his energy plan is to reduce America's dependence on foreign oil. However, the solutions espoused will sacrifice our environment and do little to alter the imported quantities of oil the U.S. will actually need. Let me talk about why I think what he is proposing will not reduce our dependence on foreign oil.

First, the Bush administration supports drilling in the ANWR. They claim there are responsible ways to go about the drilling. However, if you think about it, drilling for oil in the Arctic refuge would require hundreds of miles of roads and pipelines, millions of cubic yards of gravel and water from nearby water bodies, housing, power plants, processing strips, air strips, landfills and services for thousands of workers. There is certainly nothing environmentally responsible about that.

But even more important, there remains significant oil reserves in already-developed areas of Alaska's North Slope. Estimates from the State of Alaska project from 1999 to 2020 another 5.7 billion barrels of oil could be produced from the Prudhoe Bay region while 15 to 20 billion barrels could be produced in nearby WSAK oil field. This land was made available under the Clinton administration, as were thousands of other acres around the country.

I do not think President Bush wants to open the ANWR, the Arctic National Wildlife Refuge, because there is an energy crisis; I think his aim is to open this wilderness to drilling because he believes he has the political support to do so. I do not think he does. I think if you talk to Members on both sides of the aisle, both in the House and Senate, you will find that there is a majority against drilling in ANWR. But he persists that we should drill there.

Let me go back to why opening up ANWR does little to reduce the U.S.'s dependence on foreign oil. The U.S. Geological Survey estimates there are between 3.2 and 16 billion barrels of oil, of

which about 3 billion barrels are economically recoverable. Furthermore, the DOE's EIA, which is environmental impact assessment, reports that the U.S. exported 339 million barrels of oil in 1999, far more than the 106 million barrels that might be produced in the Arctic.

I can go through the statistics all night, but the general point I want to make clear is that drilling in ANWR is not a reasonable solution to meeting energy needs. Even if one were able to do what the President wants, it is not going to have an impact.

What we really should do if we want to be serious about trying to reduce America's dependence on foreign oil is increase the fuel efficiency of our own automobiles. If one thinks about what we could accomplish, one could increase the fuel economy of automobiles today to 40 miles per gallon. That would save more than 50 million barrels of oil over the next 50 years. This would change the oil use charts in the President's energy brochure. But again, he does not want to do that. The President does not want to change efficiency standards until another government agency finishes another government study, determining the effectiveness of raising fuel standards. Basically that is the excuse he uses. That is another agency, that is another department.

I think that the biggest thing that bothers me about the President's policies and the ideology around President Bush's policies, they do not take into consideration American ingenuity and creativity. We have the ability to find new ways of doing things: efficiency, renewable resources, conservation. We have the ability and the know-how to effectively implement those kinds of strategy, rather than reverting to the supply-side, energy-based approach which is drill, drill, drill. I think it is backward, and I think it is not in the tradition of Americans trying to find solutions to their problems.

If I could, Mr. Speaker, I want to spend a little time talking about what the House Democrats have put forward in terms of an energy policy, and contrast that a little bit with the President's plan. I have been to the floor. I was here last week with some of my Democratic colleagues where we talked about the Democratic proposal.

I think the most important thing I can say about the Democratic proposal which was unveiled just a couple of days before the President's proposal is that we try to address the immediate concern that the average American has. And when I talk to my constituents, I am home every weekend and I hear from them, they say look, the biggest problem are gas prices. Even though we do not think that that we are going to have blackouts in New Jersey, they remember last summer. And when we hear about what happened in California, we think maybe that is going to reoccur.

What the Democrats have done in our energy plan, first of all, with regard to

the California situation, we have basically put what I would call caps, if you will, on wholesale prices for gasoline. The Democrats believe that the FERC, the Federal Energy Regulatory Commission, basically has failed to enforce the law and should step in and essentially put in place ways of controlling prices and looking at the wholesale prices.

We have asked specifically for the Department of Justice to investigate energy pricing to assure that illegal price fixing does not occur.

The other thing that we do that directly impacts what needs to be done in terms of foreign sources, is that we say that the President should go to the next OPEC meeting, which I believe is going to take place within the next couple of weeks in June, and he should request that there be an increase in production at this time.

During the campaign, then-candidate Bush said if it were up to him, President Clinton should demand that OPEC increase production. Now as President, he says that is not necessary, I am not going to ask them to increase production.

Similarly, we have a source of oil called the strategic petroleum reserve which basically is a storage of petroleum that the U.S. Government has made over the years. During the Clinton administration, the Republicans and then-candidate Bush said the SPR should be used to control prices in the fashion that has been done many times over the last 10 years or so. Even under former President Bush, we used the SPR in that fashion. Now President Bush says no, we do not want to touch the SPR, that is not its purpose.

The Democrats are saying look at wholesale prices, control wholesale prices of energy so we can hopefully help out California and the other western States. With regard to gasoline, demand more production from OPEC. Use the SPR as a hammer, and try to deal with the immediate crises that we face.

I see some of my colleagues have come in, and particularly I see two colleagues from western States who I think are very knowledgeable about what has been going on.

Mr. Speaker, I yield to Mr. Sherman who has been up here for the last couple of weeks on a regular basis talking about this problem very effectively.

Mr. SHERMAN. Mr. Speaker, I thank the gentleman from New Jersey. He may have noticed that 60 minutes ago on this very floor, the gentleman from Pennsylvania attacked me personally, and attacked my State. This gentleman refused to yield for even 30 seconds because his arguments were subject to such total rebuttal.

Mr. Speaker, I thank the gentleman from New Jersey for yielding more than 30 seconds because to outline all of the mistakes of the gentleman from Pennsylvania, a man who would not yield 30 seconds, yet ended his speech a full 20 minutes before his time had expired, this gentleman needs rebuttal on

this floor, not to the attacks against me personally, but to the attacks against my State.

The gentleman tried to create the image that California's suffering is somehow the just-deserts for environmental extremism in California, and that our energy shortage is as a result of opposing offshore oil drilling. Keep in mind that all offshore oil drilling would be an attempt to develop petroleum, and we do not use petroleum in the West, and certainly not in my State, to generate electricity.

This attack that we somehow prevented the building of a sufficient number of plants. First of all, California has had sufficient plants to generate all of the electricity we need. Now at times the supply might be a little tight, but enough electricity to keep every light bulb on in the State was available except for one thing: They deliberately withheld supply.

Nothing the environmentalists do or have been accused of doing rises to the level of deliberately withholding supply in order to jack up prices; and nothing the environmentalists did or were accused of doing would solve that problem.

But let us go through this argument that somehow environmentalists prevented the creation of plants in California. First, it is simply not true. The incredible lack of knowledge about what is going on in California is matched only by the loud vituperation of those who are not from anywhere near my State when they come to this floor. There was no effort to build plants in California. I know, as every elected official in California knows what happens when powerful interests want to build something and environmentalists are trying to hold them back. It becomes a political question. It is brought to a variety of political levels.

Nobody made any attempt to build a major power plant in California until quite recently. The utter proof of that was that there was no big, political brouhaha anywhere in the State, except for one plant in San Jose, and that related to just a few miles one way or the other, and was very recent. Over the last 10 years, no plants were built because the private sector did not want to build them.

And a further proof of that is when the private sector had the chance to buy all of the existing plants, they did not pay a premium price for them. So to say that private industry was desperate to build plants, they did not even pay a premium for the plants that were already there.

But also, contrary to the physics that may be taught on the other side of the aisle, the physicists that I consulted tell me that electrons are unaware when they pass a State border. You can supply Los Angeles with power just as easily building a power plant in Nevada or Arizona as you can building one in Northern California or far Eastern California. Yet no private company

was trying to build plants in Nevada or Arizona unless we are to believe that these are States where environmental extremists are in total control.

So they did not try to build plants in our State, they did not try to build plants near our State, and they were not anxious to buy plants already built in our State because there was not a lot of money to be made until they saw that opportunity to withhold supply; and then the absence of rate regulation on the wholesale utilities became obvious. Then, by withholding supply, by redefining "closed for maintenance" as meaning "closed to maintain an outrageous price for every kilowatt," these gouging utilities, chiefly based in Texas, have been able to charge sometimes 10 times, sometimes 100 times the fair price for energy they generate from those same old plants that served California so well under the previous regulated regime.

So we are told that the Federal Government must do everything possible to ensure that Californians suffer, and this administration is doing that, but it is not out of a sense of justice or retribution; but rather, for the beneficiaries. You see, as long as gouging occurs, there will be a huge transfer of wealth from California to a few very rich corporations, mostly based in Houston, mostly very close friends of the current administration.

□ 2000

We paid \$7 billion for electricity in 1999. In the year 2000, we paid over \$30 billion for the same electricity. This year we will pay over \$60 billion. We are not using any more; we are paying more, and we are paying more to those who withhold supply to drive up price.

Let us not blame environmentalists in California. Let us not come to this floor and assert that somehow environmental extremists control Carson City and Phoenix. Let us realize that the private sector bought these plants thinking they would earn modest profits. They fell into an opportunity. They fell into the opportunity to withhold supply and charge outrageous profits. That is what they are doing for the benefit of a few companies based in Texas.

This is not a morality play. This is an economic crisis. California needs price regulation based on cost of our wholesale electric generators.

Mr. PALLONE. Mr. Speaker, I want to thank the gentleman from California (Mr. SHERMAN) for his comments, and I want to continue talking about the issue of what is happening in California.

I know that our other colleague, the gentleman from Washington (Mr. INSLEE), has actually introduced a bill that is designed to return the West to just and reasonable cost of services, and I know that his bill was actually part of the Democratic proposal that we have been talking about. So I was going to ask if the gentleman, which is probably what the gentleman was

going to do anyway, but I wondered if the gentleman would specifically continue with what our colleague from California said and what we can do in that regard.

Mr. INSLEE. Mr. Speaker, I appreciate the gentleman from New Jersey (Mr. PALLONE) being here and asking that question. I am reporting from the State of Washington up in the Pacific Northwest about what is not just a California problem, but indeed a western United States problem of price gouging on the electrical markets.

I now can report back to the House the reaction the President's energy inaction plan is getting from my constituents in the State of Washington. In the immortal words of Siskel and Ebert, it is two thumbs down, big time as they would say. The reason is that while California-bashing is one of the favorite sports of the State of Washington, the President's callous indifference to the whole West Coast is not just hurting California. It is hurting small businesses and people in Washington and Oregon who are paying wholesale electrical prices that have gone up a thousand percent, a thousand percent wholesale electrical prices, from last year.

Where communities that paid \$25 for a megawatt of energy in Washington, not California but in Washington State, \$25 a megawatt hour last year, we are now paying \$600-plus for a megawatt. No one on this floor, I have heard, had the courage, I guess it would be, to come and try to defend that kind of a pricing change over a year.

It just bears repeating that it is not just California that is suffering here. The State of Washington may lose 43,000 jobs as a result of the President's willful neglect of this crisis on the West Coast.

Now, if the President has some indifference to the State of California, for whatever reason, we do not appreciate allowing him to have the energy-gouging locusts that sort of visited that plague on the whole West Coast, and we are getting hurt, too.

Last weekend when I went home, I had people coming up to me in the ferry boat lines and in the supermarkets absolutely shaking their heads, livid about this failure of the elected official.

The President, he has had ties to the oil and gas industry. That is not exactly a secret. But he does not work for the oil and gas industry anymore. He works for us on the West Coast, and he has simply sent a message to the West Coast in this moment of trial, to guys like Cliff Syndon, who has cut his energy bill by like 40 percent and has seen his bill go up; who has been dedicated to conservation, a guy who wrote me an e-mail and said, I have cut my energy almost in half and my bill went up.

What are we supposed to tell people like that who are trying to be good Americans in this moment of crisis, as

we are when everybody wants to pull together, and then have the President say, well, Cliff, go fish; you can just go fish, for all I care. Yet, that is the signal the President is sending to the West Coast of the United States.

Now it is not like he does not have a tool. As the gentleman has indicated, I have introduced a bill supported by a goodly number of folks that essentially would have a short-term cost-based pricing system in the western United States. This is a very reasonable, common-sense tool the President already has. We should not have to pass a bill here to make him do this. He should do this because it is already the law, because the law of the Federal Energy Regulatory Commission is that they will require reasonable rates to be charged in this country for wholesale electricity.

What our bill does is simply call a time-out for this plague, and the time is that for 2 years we simply have cost-based plus a reasonable degree of profit for the wholesale electrical market, something similar we have done for decades in this country since the Edison Round; we are simply saying we ought to do this at least for 2 years while these markets become better established.

We also would respond to the President. I talked to the President. He told me he did not want to do that because, well, nobody will build any more plants to generate electricity if we did that. Well, the President missed one aspect of our bill. We would exclude new generating capacity from the impact of this cost-based pricing.

It cannot be a disincentive for someone when they are excluded from the application of this system, which we would do to make sure that these energy sources can continue to come online. That is something he has simply missed in his analysis.

So I can say that on the Main Streets of the first district in the State of Washington people are very, very angry about this President's callous indifference to their plight. It is small businesses that are curtailing hours. We have heard about the big industries, the aluminum industry that is going to heck in a handbasket; the pulp and paper industry that has shut off hundreds of jobs, but the small businesses are getting hit, too; the Highland Ice Rink in Shoreline that has to curtail its hours because they cannot pay the energy costs. Restaurants are having trouble. School districts, they are now not being able to hire the teachers they need to. Edmonds School District, the prices are going up \$600,000 in one year for energy.

These are real people that are really suffering. For the life of me, I cannot understand why the President will not seriously consider this issue, except perhaps the history of their economic lives. And that is extremely disappointing.

We are going to continue on this floor to advance this issue because it is too important to let go.

Let me also say that I think there are short-term and long-term strategies we have to have on energy. The problem with the President's proposal is he has exactly zero short-term proposals. Zero. It is sort of like the people in the West are drowning and he says, well, I have a strategy for them as soon as they can swim to shore. Well, 43,000 people are not going to make it to shore. They are going to lose their jobs in the State of Washington alone; and he has offered them exactly zero short-term relief, no caps on electrical prices; no jawboning OPEC; no nothing. We are going to suffer as a result of that.

We are going to continue this effort. We hope FERC will reexamine this issue.

Let me point out one other thing, too. I will give you some good news. We should have some good news in the House just for a moment. I talked to Steve Wright, who is the acting administrator of the Bonneville Power Administration, last week who told me that there are currently 28,000 megawatts of energy plants which in the Pacific Northwest or at least in some fashion are considering opening up plants in the Pacific Northwest, 28,000 megawatts. That is a big chunk of electricity. That is the good news. The market is responding to what is going on.

When we have an economic major dislocation with the economy going to be in the tank by the time that new energy gets here, we are going to look back at this period and the White House's indifference is going to have to cost this economy a good amount. That is why we are going to continue to insist that the President reconsider this, and we are going to pass legislation here if we have to do that.

I hope I explained this proposal.

Mr. PALLONE. I am glad the gentleman did. The gentleman explained it in detail. Of course, I characterize it sort of briefly and probably too generally as wholesale price caps, but it is not exactly that. It is, as the gentleman said, more detailed than that. Nonetheless, the point is that neither the President nor the FERC are willing to do anything about prices at the wholesale level.

I thought the gentleman said something very interesting. If we think about it, when one tries to say to their constituents why is it that the President and the Vice President do not want to deal with this, it obviously makes sense to deal with the immediate problem and have in place something to address wholesale costs the way the gentleman describes. I am convinced and the only way to explain it is because of the administration's ties to big oil and their history.

I am not going to go on forever about it, but I just wanted to mention that big oil give \$3.2 million to the Bush campaign in the last election and \$25.6 million to Republicans overall, and other sectors of the energy industry have been similarly generous.

If one thinks about it, we have the President himself who was involved in oil ventures in Texas and abroad in the 1980s. He run Arbusto Energy Firm, which after a few years become the Bush Exploration Oil Company. It merged with two other companies.

Vice President CHENEY, who was the former CEO of Halliburton, the world's largest oil fuel services company, in August of last year he received \$20.6 million for a sale of Halliburton stock. But it is not just them. The National Security Adviser Condoleezza Rice served on the board of directors for Chevron, a major U.S. oil company, for 10 years. Chevron gave GOP candidates and committees in the last cycles \$758,000; \$224,000 to Republican Congressional candidates. The list goes on. The Secretary of Commerce Evans who spent 25 years at Tom Brown, Inc., a \$1.2 billion Denver-based oil and gas company. We can mention the Energy Secretary and the Interior Secretary. They were also big oil money recipients when they ran for public office.

There is no other way to explain it other than the special-interest money they are getting. Otherwise they would not be doing these things because they do not make sense.

Mr. INSLEE. Mr. Speaker, will the gentleman yield?

Mr. PALLONE. I yield to the gentleman from Washington.

Mr. INSLEE. I need to leave the floor. There is just one point I would like to add. I want to make sure people understand that our proposal is not going to leave these energy-generating companies penurious. What we are suggesting is that they receive, for a 2-year period, their costs plus a reasonable degree of profit. They are going to be assured making money.

What we have suggested is pick the highest level of profit ever historically enjoyed by anyone possibly in the oil industry and these prices probably are still going to be cut in half.

We are very generous, profit-oriented in saying pick the highest number that we cannot have people laugh at us on Main Street and we will go along with it; but when they are charging, as the gentleman knows, the equivalent of \$190 a gallon for milk, that is wrong.

We ought to restore some sanity, just for a couple of years, while this industry gets back into a market-based approach and we get some of that 28,000 megawatts back on line.

Mr. PALLONE. I could get into the oil companies' profits, and maybe I will do that later; but obviously the profits have just soared in the last year. Maybe we will give some examples of that later.

I would like to yield to the gentleman from California (Mr. SHERMAN) at this time.

Mr. SHERMAN. I would like to comment on the misperception of some of our colleagues that California is asking for a handout. California wants nothing more than to have our hands untied. For 100 years we were successful

with cost-plus profit regulation of our private utilities. A few years ago, we made a mistake. We went with this new-fangled system. Had there not been conspiracies and probably illegal actions that we will never be able to prove, it would have worked. We were not completely stupid. We went with a system that worked on paper, but it did not work in reality. So we went with a system that did not work. We now want to go back to the system that we know works. We do not want to affect anybody else. We do not want any tax revenue. We just want to have cost-plus profit price regulation of electric generators.

Federal law prohibits us from doing it. Federal law preempts. Federal law has us bound and gagged while the muffled laughter from the White House can almost be heard here on Capitol Hill. All we ask is that we who benefit or are harmed by the electrical policies affecting our State be able to return to the policies that served us and almost every other State very well for nearly 100 years. Instead, we are told it is California's problem. California has to deal with it and, oh, by the way, they will remain tied, bound and gagged.

Now, the White House tells us that we will be tied; we will be bound and gagged for our own benefit because the kind of sane regulation described in detail by our colleague from the State of Washington is somehow bad for us and the White House should protect us from it.

□ 2015

We are told that reasonable prices for electricity will prevent conservation. The President himself has admitted that California is already doing a spectacular job of conservation, that we are about to be first, we are now second, we are about to be the first on the list of States who minimize their use of kilowatts per person. We are doing a spectacular job of conservation, and I can assure the House that everyone in our State will continue to do so.

Now, I might say the President does not praise us for this conservation effort in order to praise California. He praises California's conservation effort in order to degrade the concept of conservation, saying conservation must be terrible, they are good at it in California. But nevertheless, even the President admits, we are doing a spectacular job of conservation. We do not need to be hog-tied by Federal preemption laws in order to diminish our usage.

But second, we are told that price regulation will diminish supply. As the gentleman from Washington points out, both his bill and the bill put forward by the gentleman from San Diego, California (Mr. HUNTER) and the gentlewoman from northern California (Ms. ESHOO) exempts new production. So it cannot prevent the production of electricity through the construction of new plants.

But then we are told that only if there was unlimited prices are we

going to get maximum production. Now, think about it for a minute. If it costs \$40 to create a megawatt and you are allowed to sell it for \$60, you only make \$20 for every one you make and you maximize your effort by making as many as possible. But what if, instead, it still costs \$40 to create a megawatt and one of your options was to make as many as you could and sell them at a nice profit, but your other option was to produce less, produce fewer megawatts, force the price up not to \$60 a megawatt, not to \$600, but to \$700, \$800 a megawatt. By producing less, the price goes crazy, the profits go crazy, the transfer of wealth from California to Texas exceeds anything that anybody ever thought was possible. So that is what is happening. The California Public Energy Commission has determined that we are getting less because we are paying more than a fair price. About withholding supply, we get blackout and enormous electric bills.

The solution is obvious. Let California have the system that Californians are begging for. Allow California to regulate its own wholesale generators, or better yet, have the Federal Energy Regulatory Commission do its job and impose these regulations. That is why the bill of the gentleman from Washington (Mr. INSLEE), the bill of the gentleman from California (Mr. HUNTER), these are the bills that this House ought to pass. But the only reason we have to pass them is because the President of the United States has instructed his Federal Energy Regulatory Commission to stand on the neck of California, and the laughter is almost audible here over 2 miles from the White House from which it emanates.

Mr. Speaker, I yield back to the gentleman from New Jersey.

Mr. PALLONE. Mr. Speaker, I want to thank the gentleman. I was talking before about the oil company profits, and it is amazing. We just have a little table here that talks about six of the largest companies, and to just give my colleague some examples, for Exxon-Mobil in the first quarter of this year, profits were up 43 percent; for Texaco in the first quarter, profits were up 45 percent compared to last year; Chevron, 53 percent compared to last year; Conoco, 64 percent compared to last year; and the first quarter of this year for Phillips Petroleum, profits are up 96 percent by comparison of last year.

Mr. SHERMAN. Mr. Speaker, if the gentleman would yield, I would point out that these price gougers in California, the ones that are generating electricity, withholding some of that possible generation, driving up prices, their profits are not up 40 percent, their profits are up 400 percent. And, the four big companies, the four big companies that have pipelines that bring natural gas into California from Texas and Colorado, they have increased their prices by a factor of 12, they have increased their profit by a factor of 2,000 to 3,000 percent.

The gouging from a few huge Texas-based companies is not limited to those that deal with petroleum companies that are having the rather startling profit increases that the gentleman from New Jersey indicates, but those that are crucial to the generation of power in California. The natural gas pipeline companies and the wholesale electric companies are beyond comprehension in their profit increases. I yield back.

Mr. PALLONE. Mr. Speaker, I am going back to the oil companies again now, but if we think about these examples for oil, electric utilities, nuclear waste and coal, just to compare what they gave to the Bush and Republican campaigns as opposed to what they are going to get if the Bush energy policy went through, to talk about the oil and gas industry, which gave \$3.2 million to the President's campaign, \$25.6 million to the Republicans in the Congress. But if we look at what they stand to gain based on the President's energy policy that just came out, he would permit oil drilling in the Arctic National Wildlife Refuge, permit oil drilling on Federal lands, that is, national parks, national forests, national monuments, permit oil drilling off the coast of Florida, undercut environmental protections to permit new oil refineries and pipelines, review and potentially lift economic sanctions against Iraq, Libya, and Iran so that U.S. oil companies can do business there, and lock in place record prices at the pump at the same time that they see record profits. Now, that is the oil and gas industry. Let us go to the electric utilities.

They gave \$1.3 million to Bush, \$12.9 to Republicans. The Bush energy plan says no price caps in the western United States, which is what the gentleman from California (Mr. SHERMAN) and the gentleman from Washington (Mr. INSLEE) have been talking about. The Bush policy would waive environmental standards for the Endangered Species Act, for hydroelectric plants, and it would enable FERC to seize private lands for constructing electric transmission lines.

Then we go to the nuclear industry. They gave \$105,000 to Bush, \$1.2 million to Republicans in Congress. They get to gut current licensing procedures for nuclear plants to ensure public input on safety and nuclear waste disposal and tax credit for more nuclear plant construction.

Then lastly, coal. The coal industry gave only \$110,000 to Bush, \$3.3 million to GOP Republican congressional candidates. If we look at what they get out of the energy policy, the Bush energy policy, basically it is what I mentioned before, the permission for coal-fired power plants to exceed clean air limits.

I have to stress that last one again, because as the gentleman knows, in my home State of New Jersey, much of the air pollution comes from these old coal-fired plants in the Midwest that do not meet current clean air standards, but were grandfathered. What

they would do in order to expand is that they would expand their existing plants and they would use the same old standards, the grandfather standards, rather than the new ones under the Clean Air Act. It went so far and got to be so outrageous that the EPA, under the Clinton administration, actually brought suit in Federal court and managed to win, to succeed in the Federal courts with their suits, and the courts required these companies to put in place new standards when they expanded their generating capacities.

So we actually are in a situation now where those court actions are in the process, if they are allowed to continue over the next few years, they will have settlements in place that basically require these old coal-fired plants to meet the up-to-date standards, not for the old generation, but for new generation, expanding the capacity.

The way I understand the Bush policy, he basically would throw that all out and say, okay, maybe they have been sued, maybe they have been successful, but we are just going to let them expand their capacity and not have to meet the new standards.

First of all, what does that do to the air quality? Obviously, it deteriorates, but what does it also say to those utilities who have been the good actors and who have built the new plants and have expended resources to do so and who are now told, well, you probably are stupid that you did that and did the right thing, because you could have just waited around and you would have gotten an exemption, and you will not even be able to compete with them because the dirty guys are going to be able to produce and generate capacity at a much lower rate.

So it is really outrageous. Every day when I look over the President's proposal, I get more and more upset, because he started out, if anyone watched him last week, he had all of these charts and big bulletin boards behind conservation, everything was green and blue, and we are supposed to either think of trees or maybe the ocean. Everything was beautiful. I said it was subliminal. I do not know much about these subliminal things, but if you looked at it on TV, I think it was trying to give the impression that he was green or he was blue or he was a good guy, conservationist. Then we look at the details and it is just the opposite. It really upsets me, because I do not like to see that kind of chicanery, if you will, pulled by government officials. Everybody thinks we all do that, but I do not think we all do. That was particularly egregious, in my opinion.

Mr. SHERMAN. Mr. Speaker, to chime in on this, I am so focused on the short-term disaster in California that so far I have not mentioned the long term.

Some of the less progressive elements in the energy industry have sought to crush the alternatives. They have sought to eliminate conservation as a way to go, to eliminate research

and to slash renewables. The President's budget reflects these worst elements in the energy industry. He cut by an average of one-third, here in the middle of an energy crisis, cut the precrisis efforts for renewables, research, and conservation. That is the budget he brought here to us. Then, that budget is rammed through both Houses, and this week they are going to ram through the tax cut that locks that budget in. Then, the President, having arranged for the passage of a budget that cuts by one-third the amount for conservation renewables and research, dares to have a press conference in which he says he wants to spend more money, tax credits he wants, expenditures he wants.

What hot air it is to propose things only after one has maneuvered a budget through the House and the Senate that guarantees that there will not be a penny to do any of the things the President was talking about. In fact, the President's budget does not provide adequately for the other tax cuts that he is working so hard to achieve, some of them as necessary as extending the R&D tax credit, does not provide for the military increases that we know this House will adopt; provides nothing, not one penny of an increase in Federal spending on education, and does not reflect the proposal of our Secretary of the Treasury that every corporation in America should be exempted from income tax.

So how, how are we going to provide for conservation research and renewables? Obviously not at all. The only source of money would be dipping deep into the Social Security trust fund, and I do not think even those of us who are dedicated to new forms of energy want to see that.

So the President stands before the green and the blue posters and promises while, at the same time, his people are here on Capitol Hill making sure that not one penny will be provided to meet the President's promises.

Mr. Speaker, there is something else subliminal about those blue posters, and that is, and I hesitate to say this, Californians will be very blue when they review, will be singing the blues when they see their electric bill.

□ 2030

But what Californians have to understand is if their electric bill is double, that does not mean that these wholesale gougers are only getting double a fair price. Sixty percent of the energy we use in California is regulated, so 60 percent of our bill is made up of electrons sold to us at a fair price. Forty percent is what we are getting from these gougers. Yet, our bill is double. That is because 60 percent of the energy we are buying at a fair price and 40 percent we are buying not at double but at triple or quadruple the fair price.

Now, we might think that means triple or quadruple profits. No, profits is what is left over when we pay our expenses. If we are able to jack up the

price by a factor of three or four while the expenses are not affected by the gouging activity, then the profits might be going up by 800 percent, 1,200 percent.

That is indeed what is happening for a few huge corporations based in Texas who are, with such a powerful friend in the White House, able to avoid commonsense rate regulation on the electricity they are selling in California.

Mr. PALLONE. Mr. Speaker, I know we only have a couple more minutes, so I am going to try to wrap up. If the gentleman from California would like to add to this, please do not hesitate.

I just wanted to point out, I started out this evening by saying that actions speak louder than words. Really, I think that describes what we are seeing from this administration and from the President. We are seeing a lot of rhetoric about conservation and no action.

The gentleman talked about the budget. Two things I wanted to mention. We know that renewable energy programs were slashed by 50 percent in the President's budget proposal. But what he did in his energy plan that he came out with last week, and I think it is really hypocritical and really outrageous, he recommended the creation of a royalties conservation fund. This fund would provide money in royalties from new oil and gas production in the Arctic National Wildlife Refuge to fund land conservation efforts, and it would also pay for the maintenance backlog at national parks.

So what we are basically being told is that we have to destroy the wilderness, the Arctic wilderness, in order to protect the national parks, or to provide money for other land conservation efforts. I just think it is a slap in the face to any conservation or environmental efforts to suggest that that is the way we are going to fund these things, and then just go ahead and cut all things in the Federal budget.

I think the only thing we can do is to continue to speak out, as the gentleman has so well done. I know the gentleman is probably going to be back again tomorrow night or another night this week, and I plan on doing the same thing, because we have to get across to the public that as much as the President has a lot of rhetoric about conservation, his energy policy really is a disaster for the environment, and is not going to do anything, either long-term or short-term, to deal with the problems that we face now with gas prices or blackouts. Does the gentleman wish to add anything else?

Mr. SHERMAN. I thank the gentleman for his leadership on this issue, especially because his State is not facing quite the disaster we are facing in California.

I think it is simply outrageous that we in California are prevented from having the kind of rate regulation at the wholesale level that we all want, that we so desperately need, and that we are precluded from having by Federal preemption.

Mr. PALLONE. Mr. Speaker, we will continue until we get that opportunity. I want to thank the gentleman again.

CORRECTING RECENT MISSTATEMENTS MADE ON THE FLOOR REGARDING PRESIDENT BUSH AND THE ENERGY CRISIS IN CALIFORNIA

The SPEAKER pro tempore (Mr. GRUCCI). Under a previous order of the House, the gentleman from California (Mr. ISSA) is recognized for 5 minutes.

Mr. ISSA. Mr. Speaker, I rise not just in opposition but in absolute dismay that for the last hour my colleagues have spoken so many disingenuous statements that I absolutely had to come to the well. I did not plan on speaking today. It was only watching this from my office that made me realize how important it was that somebody come here without a prepared speech but with a few of the facts that can set the record straight.

First of all, I think the most important one is when Members start to talk about dollars given to the President, they should be very careful not to say they came from companies. In fact, President Bush accepted no soft dollars. He did not receive a single penny from the utility companies, as was alleged, or from any other companies.

My colleagues simply looked at the employers of individual contributors, or the sources of employees, individual employees from PACs who gave to President Bush. If we went to the other side, any of the other candidates, we would find the same. It is wrong to talk about money as being tainted when it comes from individual Americans, as every penny President Bush received did.

Additionally, my friends forget to note that Governor Gray Davis showed an absence of leadership for 2 full years on this subject, and President Clinton showed an absence of any regard for California as our prices skyrocketed. It was only when President Bush was sworn in that the FERC, under his leadership, began ordering price rollbacks and refunds for excess charges.

More importantly, I am here to speak for the President, not because I have his permission, but because he will not speak for himself. He will not defend himself. He has led both sides of this aisle, and refused to disparage those who disparage him.

President Bush has made an unprecedented reaching out to the other side to ask for what they want done, and he has tried to grant every single request he could. In the President's first 100 days, he invited Republicans and Democrats to the White House on more than ten occasions. Once, the entire House was invited.

One of the most heinous of all lies that was told here tonight, maybe unintended but certainly untrue, was that these prices have skyrocketed. When they quote the prices that are

available on the spot market, they quote the last kilowatt, the last megawatt, that was purchased on a daily basis.

I think it is only fair that the people of California and of Oregon and of Washington recognize that these companies that deliver power now have the power to lock in long-term rates again. Those companies in California, such as the city of Los Angeles and other municipal authorities, enjoy much lower prices because they have long-term commitments and buy very little on the spot market.

Even today, most of the private power under the Governor's control in the State of California is bought on the spot market. Once the Governor shows the leadership to get those long-term contracts in place, those contracts are at dramatically lower prices, nearly where they should be.

There was a claim here tonight of criminal collusion, of conspiracy. I challenge my colleagues here tonight to find any evidence of that, and if they do, I will challenge the administration and the Attorney General to prosecute. But to simply sit on the floor and claim that unlawful behavior is going on is intolerable.

The President in his first 100 days has taken on conservation, and in a big way. The President has announced that, unlike the previous administration that for 8 years did not improve CAFE standards a bit, that he will improve vehicle economy, fuel economy, and environmental standards, if for no other reason than that it is the right thing to do.

He has announced that SUVs in the near future will no longer be exempted, as they once were. They will not be treated as light trucks, they will soon be treated as automobiles, thus bringing an end to one of the most illogical growths in gas guzzlers ever to face America.

I have little time here tonight, and so much that I could rebuff. I wish I could go on longer, because the people of California need to know and need to hear that lower prices will come from leadership, which has not been shown in California and has been shown in Washington.

THE TRUTH ABOUT CALIFORNIA'S ENERGY CRISIS AND THE DEATH TAX

The SPEAKER pro tempore. Under the Speaker's announced policy of January 3, 2001, the gentleman from Colorado (Mr. MCINNIS) is recognized for 60 minutes.

Mr. MCINNIS. Mr. Speaker, I appreciate the comments just made by the gentleman from California.

I cannot believe the comments that I heard in the last 30 minutes from the gentleman from New Jersey (Mr. PALLONE) and the gentleman from California (Mr. SHERMAN). I have great respect for the gentleman from New Jersey (Mr. PALLONE). He and I have